



**CORRECTED  
FISCAL MEMORANDUM**

**SB 1894 - HB 2862**

March 9, 2022

**SUMMARY OF BILL AS AMENDED (014840):** Requires the Division of TennCare to designate continuous glucose monitors (CGMs) as diabetic supplies on the state preferred drug list or formulary. Requires TennCare to make CGMs available to enrollees with diabetes who are insulin-dependent if a CGM is medically necessary.

**FISCAL IMPACT OF BILL AS AMENDED:**

On March 5, 2022, a fiscal memo was issued for this bill. The fiscal memo is being corrected due to updated information provided by the Division of TennCare. The fiscal impact has been corrected as follows:

**(CORRECTED)**

**Increase State Expenditures – \$717,400/FY22-23 and Subsequent Years**

**Increase Federal Expenditures – \$1,402,900/FY22-23 and Subsequent Years**

Assumptions for the bill as amended:

- The proposed legislation will require CGMs to be made available through TennCare's pharmacy benefit manager (PBM) instead of through the managed care organizations' (MCOs) durable medical equipment (DME) products.
- Since the proposed legislation will not change medical necessity or enrollees who will receive a CGM, it is assumed total CGM coverage will remain consistent. Currently, 3,187 individuals with diabetes who are TennCare enrollees use CGMs.
- According to information gathered by the Division of TennCare's PBM, the average annual cost of a CGM and its related supplies and monitoring is \$665.30 per year.
- The estimated increase in expenditures is \$2,120,311 (3,187 x \$665.30).
- Medicaid expenditures receive matching funds at a rate of 66.165 percent federal funds to 33.835 percent states funds. Of this amount, \$717,407 (\$2,120,311 x 33.835%) will be in state funds and \$1,402,903 (\$2,120,311 x 66.165%) will be in federal funds.

**IMPACT TO COMMERCE OF BILL AS AMENDED:**

**NOT SIGNIFICANT**

**SB 1894 - HB 2862 (CORRECTED)**

Assumption:

- The proposed legislation will not significantly impact business revenue or expenditures. Any impact on jobs in this state will be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/cd